

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 ARA-11 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02

TRSE-00 PRS-01 OMB-01 RSR-01 /178 W
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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2250

INFO USMISSION GENEVA PRIORITY

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E. O. 11652: N/A

TAGS: ETRD GATT US UK

SUBJECT: DOLLAR AREA QUOTAS

REF: (A) STATE 123986 (B) LONDON 7337

1. OLIVER WRIGHT, DEPUTY UNDER SECRETARY, FCO CALLED ECONMIN BRAND AT 1815, JUNE 28, AND TOLD HIM THAT LADY TWEEDSMUIR HAD BEEN REQUESTED BY CARIBBEANS TO GRANT FOURTEEN- DAY DELAY BUT HAD REPLIED THAT THIS COULD NOT BE DONE UNLESS US AGREED (SEE REFTEL B). BRAND EXPRESSED SURPRISE, SAID THAT WE ALREADY KNEW THAT AND HAD QUERIED WASHINGTON LAST MONDAY (JUNE 25) REGARDING LADY TWEEDSMUIR' S STATEMENT. WE HAD RECEIVED NEGATIVE REPLY WHICH WE HAD TRANSMITTED TO WRIGHT' S OFFICE MORNING OF JUNE 26 AND WE THEREFORE HAD CONSIDERED UK UNDERSTOOD US POSITION.

2. WRIGHT APOLOGIZED, SAYING THAT HE REALIZED THIS PUT US IN DIFFICULT POSITION BUT THAT UK WANTED TO GRANT
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DELAY ONLY " TO GIVE CARIBBEANS TIME TO LET OFF FURTHER STEAM," AND THAT UK HAD NO INTEREST IN ANY SUBSTANTIVE CHANGE IN ALREADY AGREED POSITION. HMG MERELY FELT THAT IT WOULD BE TOO HARD ON CARIBBEANS TO DENY THEM EXTRA TIME THEY HAD REQUESTED. WRIGHT REQUESTED THAT WE ASK WASHINGTON WHETHER USG COULD AGREE AFTER ALL TO FOURTEEN-DAY DELAY. HE HIMSELF WOULD BE OUT OF TOWN TOMORROW BUT WOULD APPRECIATE IT IF ECONMIN COULD CALL HIS ASSISTANT UNDER SECRETARY. WE REPLIED THAT ALTHOUGH OUR INSTRUCTIONS WERE QUITE CLEAR, WE WOULD RELAY THIS CONVERSATION TO WASHINGTON.

3. COMMENT: IT IS OBVIOUS THAT BRITISH OFFICIALS ARE QUITE EMBARRASSED AT HAVING TO REPEAT REQUEST ALREADY REFUSED BY US, BUT ARE UNDER PRESSURE FROM SOMEONE AT POLITICAL LEVEL WHO IS ANXIOUS NOT TO OFFEND CARIBBEANS. IT SEEMS CLEAR TO US THAT ALTHOUGH LADY TWEEDSMUIR REPLIED TO CARIBBEANS THAT UK WOULD GRANT FOURTEEN-DAY EXTENSION ONLY IF US AGREED, SOMEONE AT POLITICAL LEVEL DID NOT EXPECT US TO STAND FIRM. WE CANNOT JUDGE FROM HERE WHETHER BRITISH AT POLITICAL LEVEL ARE IN PROCESS OF " BECOMING UNSTUCK," BUT DEPARTMENT OR GENEVA MAY BE IN BETTER POSITION THAN WE TO JUDGE WHAT CARIBBEANS HOPE TO GAIN FROM FOURTEEN-DAY DELAY.

4. ACTION REQUESTED: AFTER MANY MONTHS OF HARD BARGAINING ON THIS ROUND OF REDUCTIONS IN DOLLAR AREA QUOTAS, WE WOULD, OF COURSE, PREFER TO RESTATE POSITION OUTLINED IN REF A TO FCO AND IN EFFECT SAY WE CANNOT ACCEPT ANY FURTHER DELAY. IF, HOWEVER, DEPARTMENT WISHES TO GRANT THIS URGENT PERSONAL REQUEST OF SENIOR FCO OFFICER TO ECONMIN, WE RECOMMEND WE BE AUTHORIZED SEND LETTER ALONG FOLLOWING LINES TO WRIGHT:
QUOTE DEAR OLIVER: YOU WILL BE PLEASED TO HEAR THAT THE STATE DEPARTMENT IS PREPARED TO ACCEDE, ALTHOUGH MOST RELUCTANTLY, TO YOUR REQUEST OF JUNE 28 FOR A DELAY OF FOURTEEN DAYS BEFORE THE EXCHANGE OF NOTES CONFIRMING THE AGREEMENT ON DOLLAR AREA QUOTAS REACHED IN PARIS ON JUNE 8 BETWEEN MR. LAM OF THE DEPARTMENT OF TRADE AND INDUSTRY AND AMBASSADOR MALMGREN. YOU WILL UNDERSTAND FROM THE MANY CONVERSATIONS WE HAVE LIMITED OFFICIAL USE

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HAD ON THIS SUBJECT THE IMPORTANCE THE UNITED STATES ATTACHES TO PHASING OUT DOLLAR AREA QUOTAS OF DIRECT TRADE INTEREST TO THE UNITED STATES AS SOON AS POSSIBLE. HOWEVER, IN VIEW OF YOUR ASSURANCE THAT THIS REQUEST FOR DELAY IS FOR PURELY PROCEDURAL REASONS AND WILL IN NO WAY AFFECT THE SUBSTANCE OF THE AGREEMENT REACHED, WHICH IS OUTLINED IN THE DRAFT AIDE MEMOIRE AND IN OUR COMMENTS

ON THE DRAFT, WE ARE PREPARED TO POSTPONE THE EXCHANGE OF
NOTES UNTIL JULY L2.
UNQUOTE

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